

Item 1a

**MINUTES OF PUBLIC MEETING
THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA
BOARD OF DIRECTORS**

March 9, 2017

A public meeting of the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona (the “Phoenix IDA”) was convened on Thursday, March 9, 2017 at 3:30 p.m., at Phoenix City Hall, 200 W. Washington Street, 20th Floor, East Conference Room, Phoenix, Arizona.

Board Members present:

Mr. David Lujan (*telephonic*)
Mr. Bruce Mosby (*telephonic*)
Ms. Nicole Ong Colyer
Ms. Darcy Renfro
Mr. Sal Rivera
Mr. Lawrence Robinson
Ms. Christa Severns

Board Members absent:

Ms. Barbara Ryan Thompson
Ms. Charlene Tarver

Also present for all or portions of the meeting were:

Mr. James Barham, Phoenix IDA
Mr. Evan Becker, Evan Becker Consulting (*telephonic*)
Mr. Murray Boess, Phoenix IDA
Ms. Sarah Cline, Phoenix IDA
Ms. Elisa de la Vara, Arizona Community Foundation
Ms. Inger Erickson, City of Phoenix
Ms. Karen Farugia, OH Partners
Ms. Gina Flores, Phoenix IDA
Ms. Rita Hamilton, City of Phoenix
Ms. Shereka Jackson, City of Phoenix
Mr. Karl Kendall, City of Phoenix
Ms. Terry Lawler, City of Phoenix
Ms. Lydia Lee, Phoenix IDA
Mr. Paul Magallanez, Phoenix IDA
Ms. Kelly McGuire, Kutak Rock LLP (*telephonic*)
Mr. David Richardson, Take Charge America
Ms. Robin Roman, Marisol Federal Credit Union
Mr. C.W. Ross, Fennemore Craig, P.C.
Mr. Juan Salgado, Phoenix IDA
Mr. Mike Santellanes, Phoenix IDA
Mr. Craig Tribken, Central Arizona Shelter Services
Mr. Daniel Valenzuela, City of Phoenix
Ms. Cissy Watson, Psalms 127, LLC (*telephonic*)

Any member of the public that was present during the meeting was able to hear all discussions and actions taken by Board Members that were present, in person and over the phone, via a teleconferencing phone system.

Director Rivera called the Board meeting to order at 3:45 p.m. A quorum was noted.

ITEM 1: Consent Agenda

- a. Approval of Board of Director Meeting Minutes
- b. Multifamily Housing Revenue Bonds (Broadway Terrace Apartments Project), Series 2017

Director Severns moved to approve the Consent Agenda for this meeting. Director Mosby seconded the motion. **Motion carried unanimously.** A copy of Resolution 2017-02 is attached hereto, and by this reference is made a part hereof.

ITEM 2: CodePHX

Mr. Salgado introduced CodePHX, and asked Mr. Valenzuela to brief the Board members on the City of Phoenix's request for the Phoenix IDA's financial support. Mr. Salgado then introduced Ms. Lee who provided the Board members with a brief overview.

Mr. Valenzuela, Ms. Erickson, and Ms. Jackson briefed the Board on the item, as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Discussion ensued regarding the project.

Staff recommended approval of a \$250,000 award to support the CodePHX program.

Director Robinson moved to approve financial assistance from the Community Development Fund in the amount of \$250,000 to support operations and marketing of the program. Director Renfro seconded the motion. **Motion carried unanimously.**

ITEM 3: Lend A Hand

Mr. Salgado introduced Mr. Magallanez and requested that he brief the Board on the item.

Mr. Magallanez reported on the Lend a Hand program to the Board, as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Mr. Salgado introduced the following partners in the Lend a Hand program: Mr. Richardson, Take Charge America; Ms. Romano, Marisol Credit Union; and Ms. de la Vara, Arizona Community Foundation and invited them to brief the Board on their support and involvement in the program.

Staff recommended approval of a \$70,000 award to support the Lend a Hand program.

Director Severns moved to approve the investment of up to \$70,000 from the Community Impact Fund for the Lend a Hand Program. Director Renfro seconded the motion. **Motion carried unanimously.**

ITEM 4: Open Meeting Law and Ethics Policy

This item was tabled.

ITEM 5: President's Report

Director Rivera referred Board members to the President's report, which covered the 2017 Communications and Marketing Plan, the Phoenix IDA Today Newsletter, and updates on the Community Development Fund Awards, and the property located on the SW Corner of 3rd Street and McDowell Road, as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

This report was for information only. No action was taken.

ITEM 6: Call to the Public

Director Rivera made a call to the public. There were no comments.

With no further business to come before the Board, being duly moved and seconded, the Board meeting was adjourned at 4:48 p.m.

Item 1b



MEMORANDUM

DATE: April 13, 2017
TO: Members, Board of Directors
FROM: Juan Salgado, Executive Director
SUBJECT: Multifamily Housing Revenue Bonds (La Palmilla Apartments Project), Series 2017

BACKGROUND

On December 8, 2016, Gung Ho Partners, LLC, a Delaware limited liability company (the “Applicant”), obtained preliminary Board approval for a multifamily project known as La Palmilla Apartments Project. The Applicant also received Board approval for Reliant - Palmilla, LLC (now known as Reliant - La Palmilla, LLC), a then to-be-formed Delaware limited liability company (together with its assignees and designees, the “Borrower”) to be the borrowing entity that will acquire, rehabilitate, improve, equip, and operate the project site (the “Project”).

The Borrower is now seeking the Board’s final approval for the issuance of the Phoenix IDA’s subject Multifamily Housing Revenue Bonds (the “Bonds”), in an aggregate principal amount not to exceed \$18,500,000. The Borrower will seek Phoenix City Council approval on May 10, 2017, pending Phoenix IDA Board approval.

THE PROJECT

The Project contemplates the purchase and rehabilitation of an existing 267-bed facility called La Palmilla Apartments that serves low-income residents. The Project is located at 3838 West Camelback Road, on the northeast corner of 39th Avenue and Camelback Road, and is within Phoenix City Council District 5, represented by Councilman Daniel Valenzuela.

The Borrower anticipates completing the rehabilitation work by June 2018.

PLAN OF FINANCING

According to the Borrower, a portion of the Bonds will be issued in series as determined by the underwriter, Citigroup Global Markets Inc. The maturity of the longest series will be no more than 40 years. It is expected that the fixed rate Bonds will be sold in a public offering at the then prevailing market rate. The Borrower expects to complete the transaction by May 2017.

RECOMMENDATION

Kutak Rock, as legal advisor to the Phoenix IDA, and I recommend that approval be granted subject to the terms and conditions contained in the Board final approval resolution, as reviewed by same.

RESOLUTION NO. 2017-03

A RESOLUTION GRANTING FINAL APPROVAL TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (LA PALMILLA APARTMENTS PROJECT), SERIES 2017 AND TO THE ISSUANCE OF SUBORDINATE MULTIFAMILY HOUSING REVENUE BONDS (LA PALMILLA APARTMENTS PROJECT), SERIES 2017 OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, TO BE ISSUED IN ONE OR MORE TAX-EXEMPT AND/OR TAXABLE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$18,500,000 (TOGETHER, THE “BONDS”) WHICH MAY BE CASH COLLATERALIZED TO FINANCE A PROJECT FOR THE BENEFIT OF RELIANT - LA PALMILLA, LLC, A DELAWARE LIMITED LIABILITY COMPANY; AUTHORIZING THE EXECUTION AND DELIVERY OF A SENIOR INDENTURE OF TRUST, A SUBORDINATE INDENTURE OF TRUST, A LOAN AGREEMENT, A SUBORDINATE FINANCING AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A BOND PURCHASE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, AND OTHER DOCUMENTS REQUIRED IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE BONDS; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF THE BONDS

WHEREAS, The Industrial Development Authority of the City of Phoenix, Arizona (the “Authority”), is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (the “State”) empowered under the Industrial Development Financing Act, A.R.S. § § 35-701 through 761 inclusive, as amended (the “Act”), to issue industrial development revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans for the purpose of financing the acquisition, rehabilitation, improvement or equipping of a “project” (as defined in the Act) whenever the Board of Directors of the Authority (the “Board”) finds such loans to be in furtherance of the purposes of the Authority or in the public interest; and

WHEREAS, the term “project” includes within its meaning under the Act any land, any building or other improvements, and all real and personal properties which are suitable for any “residential real property for dwelling units located within the municipality approving the formation of the corporation;” and

WHEREAS, Reliant - La Palmilla, LLC, a Delaware limited liability company (together with its assignees and designees, the “Borrower”), has previously requested the Authority to issue its Multifamily Housing Revenue Bonds (La Palmilla Apartments Project) Series 2017 in one or more tax-exempt or taxable series in an aggregate principal amount not to exceed \$18,500,000 and loan the proceeds thereof to the Borrower; and

WHEREAS, pursuant to Resolution 2016-11 (the “Preliminary Resolution”) of the Authority adopted at its December 8, 2016 meeting, the Authority has previously granted preliminary approval to issue and sell the bonds described above, pursuant to the Act, in one or more series in an aggregate principal amount not to exceed \$18,500,000; and

WHEREAS, the Borrower now requests that the Authority grant its final approval to the issuance and sale of its Multifamily Housing Revenue Bonds (La Palmilla Apartments Project) Series 2017 (the “Senior Bonds”) and Subordinate Multifamily Housing Revenue Bonds (La Palmilla Apartments Project) Series 2017 (the “Subordinate Bonds” and, together with the Senior Bonds, the “Bonds”) in an aggregate principal amount not to exceed \$18,500,000, either of which series may be cash collateralized, and loan the proceeds from the sale of the Bonds to the Borrower to (a) finance the acquisition, rehabilitation, improvement, equipping and operation of a multifamily housing complex consisting of approximately 267 units located on certain real property located at 3838 W. Camelback Road in Phoenix, Maricopa County, Arizona, (b) fund any required reserve funds, (c) pay capitalized interest on the Bonds, if any, and (d) pay costs and expenses incurred in connection therewith (collectively, the “Project”), all in accordance with the Act; and

WHEREAS, in connection with the issuance of the Senior Bonds, the Borrower will obtain a separate loan from SunTrust Bank, which loan will be sold to the Federal National Mortgage Association (the “Fannie Mae Loan”), and some or all of the proceeds of the Fannie Mae Loan, along with earnings thereon, if any, will be deposited into an account established within the Senior Indenture to secure the timely payment of debt service on the Senior Bonds; and

WHEREAS, at the request of the Borrower, the Senior Bonds will be sold by Citigroup Global Markets Inc., as underwriter (the “Underwriter”), pursuant to a purchase contract (the “Bond Purchase Agreement”), among the Authority, the Borrower and the Underwriter, and the Underwriter will distribute to investors Preliminary Official Statement (the “Preliminary Official Statement”), which, together with certain changes thereto, will become the final Official Statement, relating to the Senior Bonds and describing the transaction (the “Official Statement”); and

WHEREAS, the Subordinate Bonds (i) at the request of the Borrower, will be directly purchased by Reliant CAP VIII, LLC, an investor eligible to make such an investment (the “Subordinate Purchaser”), (ii) will be subject to transfer restrictions as required by the Authority, and (iii) will not be offered pursuant to the Official Statement; and

WHEREAS, there have been prepared and presented to the Executive Director of the Authority the proposed, substantially final forms of the following documents (collectively, the “Documents”):

(1) the form of Senior Indenture of Trust (the “Senior Indenture”) to be entered into by and between the Authority and U.S. Bank National Association, as bond trustee (the “Senior Trustee”);

(2) the form of Subordinate Indenture of Trust (the “Subordinate Indenture” and, together with the Senior Indenture, the “Indentures”) to be entered into by and between the Authority and U.S. Bank National Association, as bond trustee (the “Subordinate Trustee” and, together with the Senior Trustee, the “Trustees”);

(3) the form of Loan Agreement (the “Loan Agreement”) to be entered into by and among the Authority, the Senior Trustee and the Borrower;

(4) the form of Subordinate Financing Agreement (the “Subordinate Financing Agreement”) to be entered into by and among the Authority, the Subordinate Trustee and the Borrower;

(5) the form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into by and among the Authority, the Trustees and the Borrower;

(6) the form of Bond Purchase Agreement; and

(7) the form of Preliminary Official Statement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona as follows:

Section 1. The Board of Directors finds and determines that the issuance of the Bonds and the making of a loan to the Borrower for the purpose of financing and/or refinancing all or a portion of the cost of the acquisition, rehabilitation, improvement, equipping and operating of the Project and the costs and expenses incidental thereto are in furtherance of the purposes of the Authority under the Act and the Project will constitute a “project” within the meaning of the Act.

Section 2. The Bonds, which shall be named as set forth herein or as otherwise set forth in the Indentures, are hereby approved and authorized to be issued pursuant to a plan of finance in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$18,500,000, to be dated, to mature (no later than 40 years after their date of issuance), to bear interest (not in any event to exceed 12% per year), to be subject to redemption and tender for purchase, to be payable as to principal, interest and any premium, and with such other terms, all as provided in the Indentures pursuant to which each series of the Bonds are issued. This approval is subject to the following terms and conditions:

2.1 If a series of Bonds has not received a rating of “BBB-” or better (or an equivalent rating) from a nationally recognized bond rating agency, each purchaser of such series of Bonds shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Authority and its counsel setting forth, *inter alia*, eligibility requirements of any purchaser and restrictions on the transfer of such series of

Bonds; provided, however, the provisions of this paragraph may be waived by the Authority in its sole discretion prior to the issuance of the Bonds;

2.2 Notice regarding the issuance of the Bonds is given to the Arizona Attorney General in the manner contemplated by Section 35-721(F) of the Act and, within ten days of such notice, the Arizona Attorney General does not issue an opinion indicating that the project to be financed does not come within the purview of the Act;

2.3 All agreements, certificates, documents, or instruments requiring the execution or consent of the Authority are in a form and substance acceptable to the Authority's counsel;

2.4 The Authority receives such opinions, certificates, comfort letters and consent letters in connection with the Bonds as the Authority's counsel may deem necessary or appropriate, in form and substance satisfactory to the Authority's counsel and advisors;

2.5 The proceedings under which the Bonds are to be issued have been approved by the Council of the City of Phoenix, Arizona;

2.6 The Authority, its officers, directors, employees, agents and its Executive Director and the City of Phoenix, Arizona (the "City") are provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority's counsel, from a credit-worthy source; and

2.7 The Borrower agrees to make arrangements mutually satisfactory to the Authority as to the payment of the Authority's closing fees, annual administrative fees, and expenses, the terms and conditions of which will be incorporated into the Documents executed in connection herewith.

Section 3. The Bonds shall be payable solely from the receipts and revenues received by or on behalf of the Authority pursuant to the Indentures. Nothing contained in (a) this Resolution, (b) the Documents, or (c) any other agreement, certificate, document, or instrument executed in connection with the issuance of any of the Bonds shall be construed as obligating the Authority (except as a special limited obligation to the extent provided in such documents or instruments) or obligating the City or the State to pay the principal of or premium, if any, or interest on the Bonds, or as incurring a charge upon the general credit of the Authority, the City or the State, nor shall the breach of any agreement contemplated by this Resolution, the Documents, or any other instrument or documents executed in connection herewith or therewith impose any charge upon the general credit of the Authority, the City or the State. The Authority has no taxing power.

Prior to the issuance of the Bonds, the Authority has or will have issued, and subsequent to the issuance of the Bonds, the Authority may issue, bonds in connection with the financing of other projects (such bonds together with any bonds issued by the Authority between this date and the issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage, or assignment made in connection with the Other Bonds shall be protected, and any funds pledged or assigned for payment of principal of or premium, if any, or interest on the

Other Bonds shall not be used for the payment of principal of or premium, if any, or interest on the Bonds. Any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal of or premium, if any, or interest on the Other Bonds.

Section 4. The forms, terms, and provisions of each of the Documents, in the forms of such Documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions, and changes as are approved by the officers authorized to execute the documents (which approval will be conclusively established by their execution and/or delivery thereof). Upon satisfaction of the conditions set forth in Section 2 hereof, the Authority's President, Vice President, Secretary and Treasurer (each an "Authorized Officer") are each hereby authorized individually in such offices to execute and deliver each of the Documents and any related documents necessary to effectuate the financing contemplated by this Resolution or, with respect to any of the Documents not calling for execution by the Authority, to approve and deliver such documents, with respect to any one or more series of the Bonds. From and after the execution and delivery of each of the Documents, the officers, agents, employees and Executive Director of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents, certificates and assignments as may be necessary to carry out and comply with the provisions of each of the Documents (as executed and delivered) and this Resolution.

Signature pages for any Documents requiring the Authority's signature shall be delivered to Authority's counsel no fewer than seven (7) days prior to Bond closing or any other date on which an executed signature page is required, and once executed will be held in escrow by the Authority's counsel and delivered on the closing date or on such other date on which an executed signature page is required.

Section 5. After the Bonds are delivered by the Trustees to the holders upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Bonds and interest thereon shall have been fully paid, canceled, and discharged.

Section 6. Nothing contained in this Resolution, nor in any other instrument, may be considered as obligating the Authority or the City to any pecuniary liability or charge upon the general credit of the Authority or the City. Furthermore, it is understood that no costs are to be borne by the Authority with respect to the Project and the issuance and sale of the Bonds except those to be paid out of the proceeds of the Bonds, and that the Borrower will promptly reimburse the Authority for any other expenses reasonably incurred by the Authority, including the fees of its legal counsel and any financial advisor, whether or not the Bonds are issued or sold.

Section 7. The actions of the Borrower and those acting on its behalf in filing one or more requests from time to time for allocations for private activity bonding authority for the Bonds through the Arizona Commerce Authority and/or Arizona Finance Authority (whether in the form of carryforward allocations or otherwise) is hereby ratified and authorized in an aggregate principal amount which, inclusive of any and all such requests, shall not exceed \$18,500,000.

Section 8. In accordance with to Section 147(f) of the Code, the Authority has or will publish notice of and will hold a public hearing, the results of which will be reported to the City prior to its approval of the Bonds. The officers of the Authority, each acting alone, or any representative thereof, are hereby authorized and directed to hold such public hearing for and on behalf of the Authority.

Section 9. All actions of the officers, staff, directors, employees, agents and Executive Director of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance thereof, whether heretofore or hereafter taken, including but not limited to the engagement of Kutak Rock LLP, as the Authority's counsel, shall be and are hereby ratified, confirmed and approved. The proper officers, staff, directors, employees, agents and Executive Director of the Authority are hereby authorized and directed to do all such acts on behalf of the Authority as may be deemed necessary or desirable to carry out the terms and intent of this Resolution.

Section 10. The Executive Director of the Authority, the members of the governing body of the Authority and any director, officer, official, employee or agent of the Authority shall not be subject to any personal liability or accountability by reason of the issuance of the Bonds or execution, delivery of performance of the Documents. The liability of the Authority with respect to any document executed in connection with the transactions contemplated hereby, including the Documents, shall be limited as provided in the Act and such documents.

Section 11. Any provisions of any bylaws, orders, procedural pamphlets and resolutions of the Authority inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any bylaw, order, procedural pamphlet or resolution or any part thereof.

Section 12. If any section, paragraph, clause or provision of this Resolution is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision does not affect any of the remaining provisions of this Resolution.

Section 13. It is found and determined that all formal actions of the Authority and its Board concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

Section 14. Notice of Arizona Revised Statutes Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State.

Section 15. This Resolution is effective immediately upon its adoption.

Section 16. Neither this Resolution, any of the Documents, nor any action taken by the Authority, any member of the Board or the Authority's counsel in connection with the issuance of the Bonds is intended to provide, and shall not be construed as providing, advice of any kind to the Borrower or to the Authority with respect to the issuance of the Bonds for purposes of 15 U.S.C. Section 78o-4(e)(4)(A)(i). The Authority is a conduit issuer and none of the Authority, the Board, or the Authority's counsel is acting or will act as a municipal advisor, financial advisor, or fiduciary to any party involved in the issuance of the Bonds.

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Adopted and approved this 13th day of April, 2017.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF PHOENIX, ARIZONA

By: _____
Juan Salgado, Executive Director